

Semiconductor Manufacturing International Corporation

SMIC Q2 2012 Financial Presentation

NYSE: SMI **HKSE: 981**

SMIC Investor Relations

August 2012



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Under the Private Securities Litigation Reform Act of 1995

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2Q12 Financial Highlights

- **Record-high revenue of \$421.8 million** in 2Q12, which was up by 26.8% from \$332.7 million in 1Q12 and jumped by 19.7% year over year, mainly driven by increased customer demand for 65nm/55nm technology and our specialty processes, including power management ICs, EEPROM, and others.
- **Gross margin doubled to 24.1%** in 2Q12 compared to 12.0% in 1Q12 primarily due to a higher utilization rate, which increased from 74.1% in 1Q12 to 95.2% in 2Q12, as well as continued improvements in manufacturing efficiency.
- **Net cash flow from operations tripled to \$109.4 million** in 2Q12 from \$35.8 million in 1Q12.
- **Income** attributable to Semiconductor Manufacturing International Corporation was **\$7.1 million** in 2Q12, compared to a loss of \$42.8 million in 1Q12.
- Diluted **EPS was \$0.01 per ADS.**

Income Statement Highlights

(Amounts in US\$ thousand)	Q2'2012	Q1'2012	QoQ	Q2'2011	YoY
Total Revenue	421,826	332,711	26.8%	352,389	19.7%
Gross Profit	101,716	39,844	155.3%	50,273	102.3%
Gross Margins	24.1%	12.0%	—	14.3%	—
Operating Expenses:					
Research & Development	51,020	59,311		51,501	
General & Administrative	29,094	23,924		(8,933)	
Selling & Marketing	7,786	6,892		8,139	
Others, net	73	1		(325)	
Operating expenses	87,973	90,128	-2.4%	50,382	74.6%
Operating income (loss)	13,743	(50,284)	—	(109)	—
Net income (loss) attributable to SMIC	7,059	(42,825)	—	(3,772)	—
Net income (loss) per ADS	0.01	(0.08)	—	(0.01)	—

- Wafer revenue from our managed fab Wuhan Xinxin was \$41.6 million in Q2, contributing 9.9% to our total revenue, vs. \$22.1M in previous quarter.
- R&D expense in Q2 was offset by government grants of \$16 million





Balance Sheet Highlights

(in US\$ thousands)	For the three months ended	
	Jun 30, 2012	Mar 31, 2012
Cash and cash equivalents	290,694	300,641
Account Receivables	264,115	196,749
Inventories	240,082	211,353
Fixed Assets	2,444,895	2,493,732
Total Assets	3,974,836	3,938,021
Short Term Loan	629,061	658,688
Long Term Loan	480,617	427,293
Total Liabilities	1,757,149	1,730,182
Shareholders' Equity	2,212,983	2,203,556
Debt/Equity Ratio	50.1%	49.3%

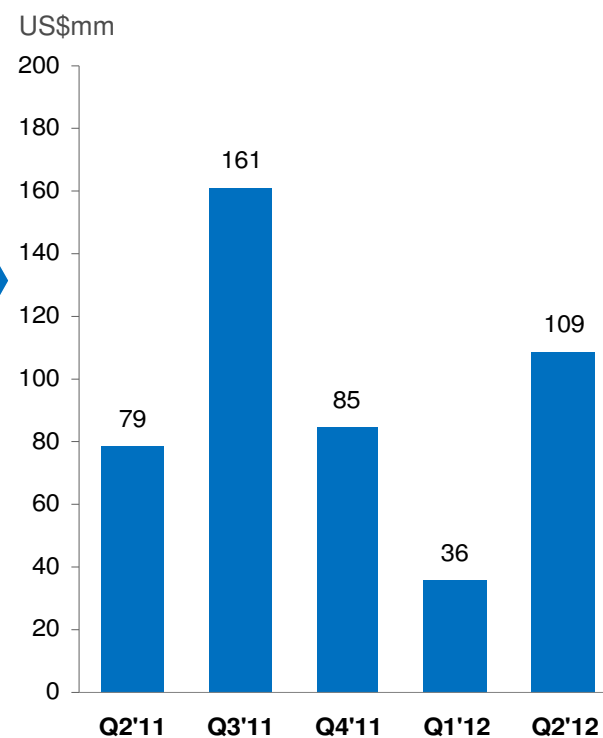




Cash Flow Highlights

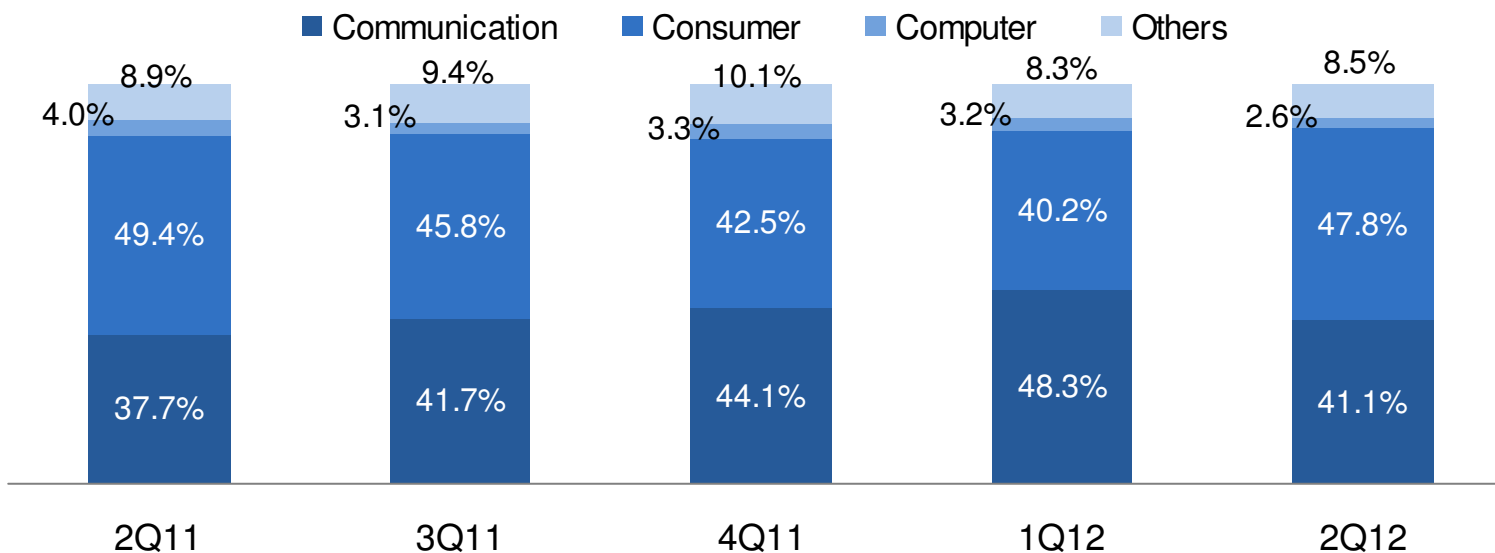
(in US\$ thousands)	For the three months ended	
	Jun 30, 2012	Mar 31, 2012
Cash and cash equivalents at the beginning of period	300,641	261,615
Net cash provided by operating activities	109,425	35,808
Net cash used in investing activities	(126,293)	(205,805)
Net cash used in financing activities	6,999	208,978
Net increase (decrease) in cash and cash equivalents	(9,947)	39,025
Cash and cash equivalents at the end of period	290,694	300,641

Cash Flow from Operations

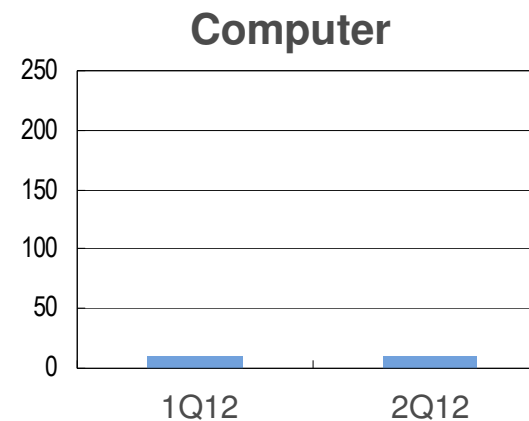
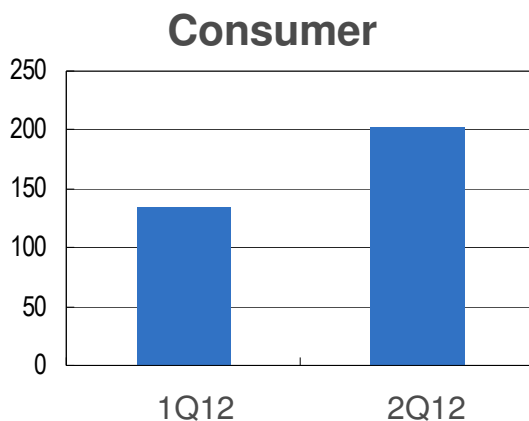
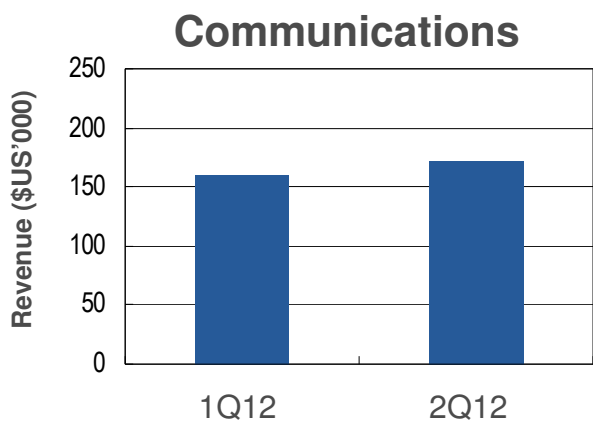




Total Revenue Breakdown by Applications

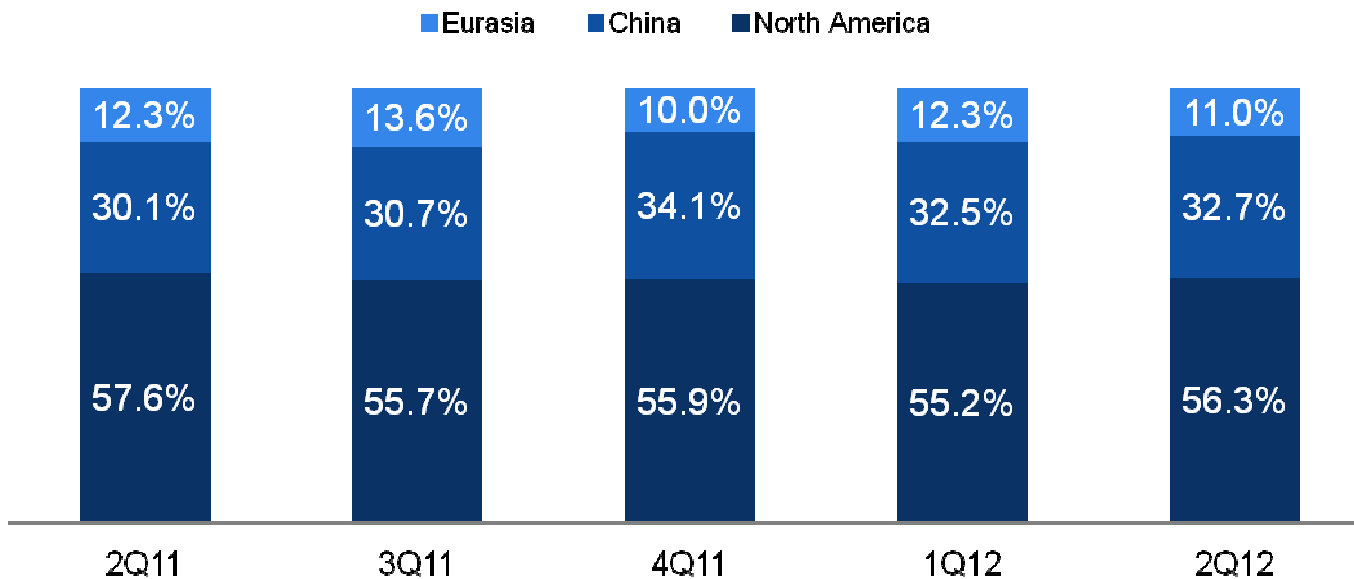


2Q 12 Vs 1Q 12

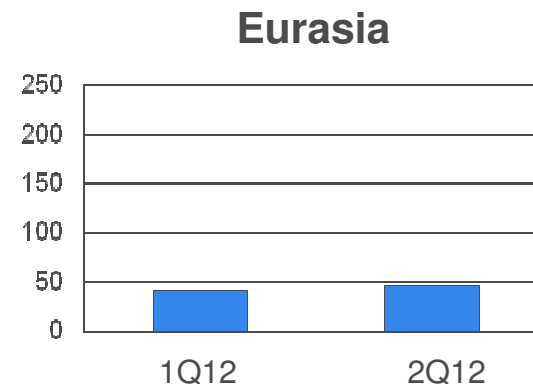
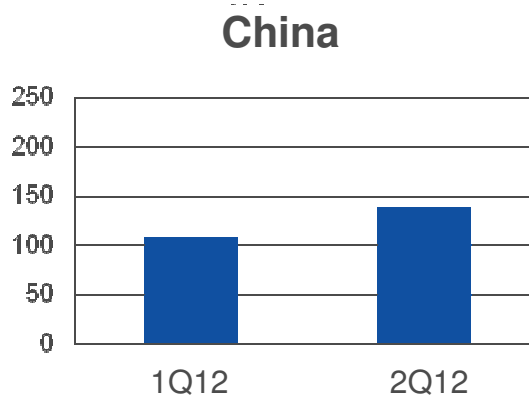
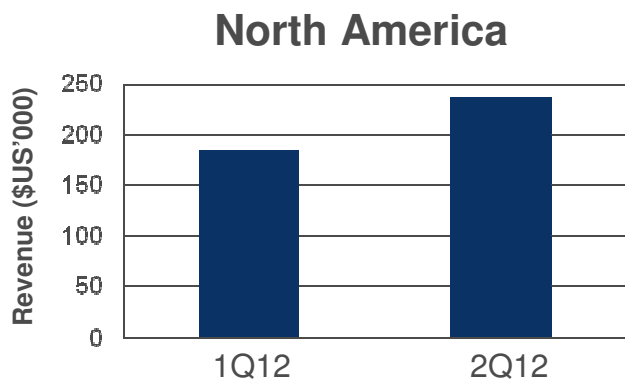




Total Revenue Breakdown by Geography

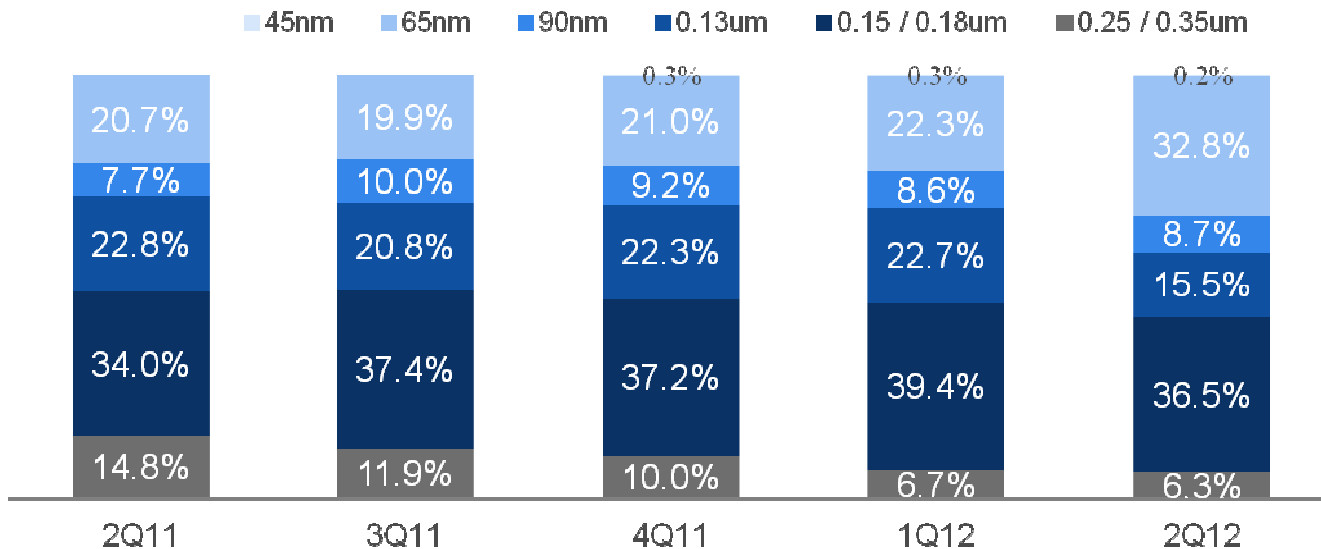


2Q 12 Vs 1Q 12

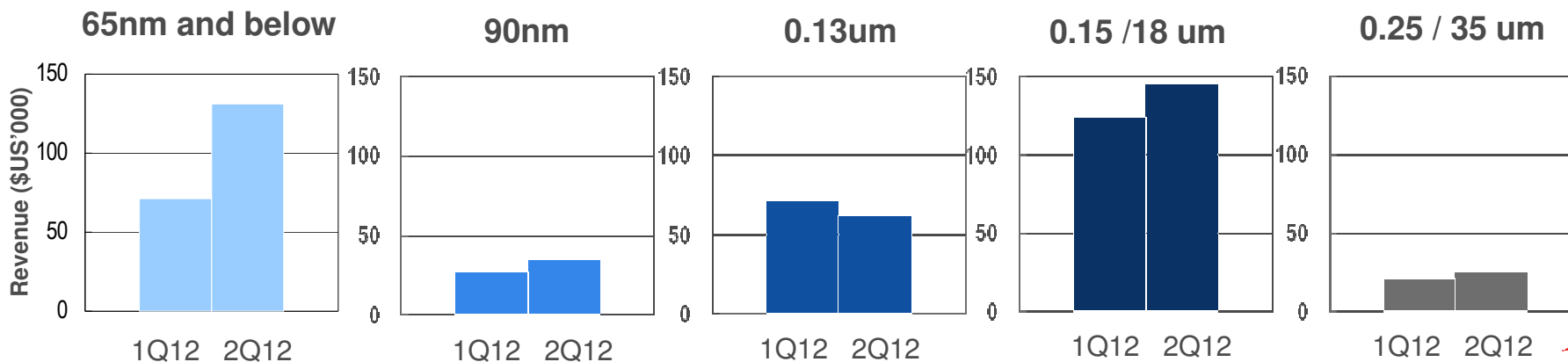




Wafer Revenue Breakdown by Technology

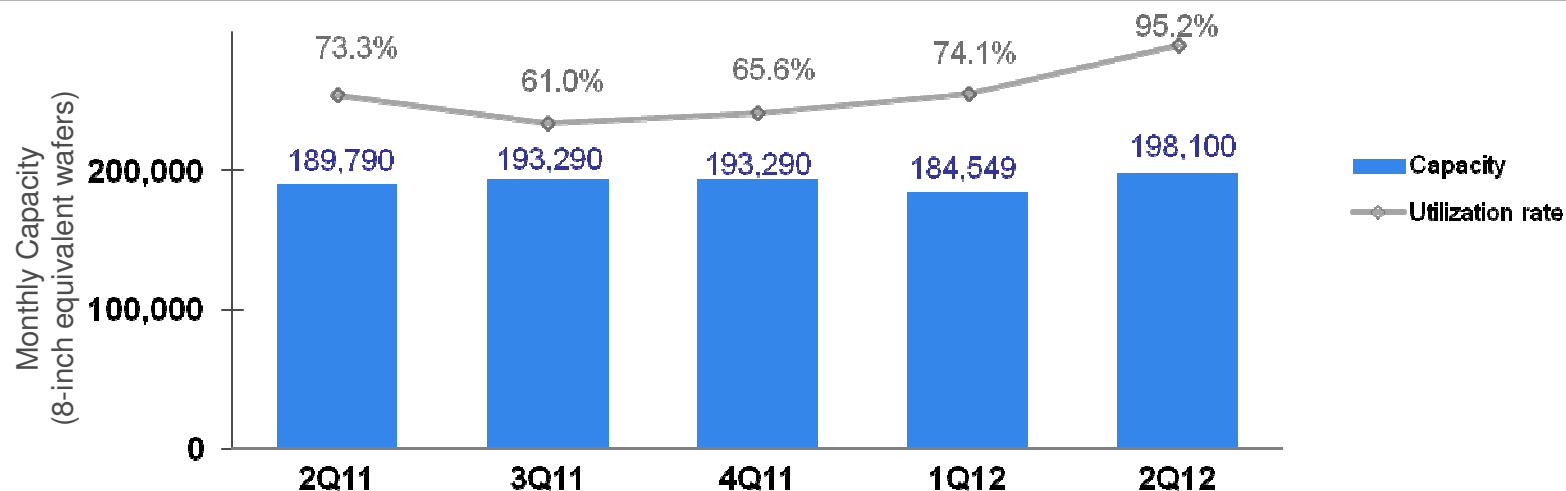


2Q 12 Vs 1Q 12





Capacity, Utilization and Shipment



	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12
Shanghai Mega Fab (8")	90,000	90,000	90,000	79,210	84,600
Beijing Mega Fab (12")	29,129	29,129	29,129	30,000	34,000
Tianjin Fab (8")	34,250	37,750	37,750	37,839	37,000
Monthly Capacity (8-inch equivalent wafers)	189,790	193,290	193,290	184,549	198,100
Wafer Shipment ⁽¹⁾	451,552	406,715	374,116	445,689	557,683
Utilization Rate ⁽²⁾	73.3%	61.0%	65.6%	74.1%	95.2%

(1) Including copper interconnects and shipment of managed fab

(2) Capacity utilization rate is reported based on total equivalent wafers out divided by estimated capacity. Utilization rates for previous quarters have been updated accordingly for comparison purpose. In prior quarters utilization had been reported based on total wafers out divided by estimated capacity.





3Q 2012 Guidance

	Q3' 2012 Guidance
Revenue	Increase 4% to 6%
Gross Margin	22% to 24%
Operating Expenses ⁽¹⁾	\$93 – \$96 million

(1) Exclude foreign exchange differences and government grants



Capital Expenditures & Depreciation

(in US\$ millions)	Q1'11	Q2'11	Q3'11	Q4'11	2011	Q1'12	Q2'12
Capex	333	284	92	56	765	183	84
Total Depreciation & Amortization	131	133	141	145	550	143	140

Capex for 2012 has been revised to between US\$550 and US\$600 million.



Appendix



Q2 12 Results Vs Guidance

	Q2' 12 Prior Guidance	Q2' 12 Revised Guidance	Q2' 12 Results
Revenue	Increase 19% – 21% \$396M – 403M	Increase 25% – 26% \$416M – 419M	Increase 26.8% \$421.8M
Gross Margin	19% to 22%	23% to 24%	24.1%
Operating Expenses	\$101 – 104M ⁽¹⁾	–	\$88.0M

(1) Exclude foreign exchange differences and government grants